

IRS News Release

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CLEAN RENEWABLE ENERGY BOND VOLUME CAP ALLOCATION INFORMATION

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WASHINGTON — This information release provides certain general information regarding the results of the volume cap allocation process for the new Clean Energy Renewable Bonds (“CREBs”) program created under the Energy Tax Incentives Act of 2005.

The Internal Revenue Service announced that a total of 610 projects for State and local governmental borrowers and for electrical cooperative borrowers will receive volume cap allocations of authority to issue tax credit bonds under the new CREBs program.

New Internal Revenue Code Section 54 authorizes the Secretary of the Treasury to allocate an \$800 million volume cap in tax credit bonds to fund projects that can generate clean renewable energy. The allocation may be made in such manner as the Secretary deems appropriate except that more than \$500 million may be allocated to qualified projects for borrowers that are State or local governmental entities and the balance is to be allocated to qualified projects for borrowers that are certain mutual or cooperative electric companies.

In Notice 2005-98, the IRS provided guidance on the CREBs volume cap application process and indicated that CREBs volume cap allocations would be made -- based on a “smallest-to-largest” project amount methodology -- beginning with the project requesting the smallest dollar amount and proceeding thereafter to projects for successively larger dollar amounts until the total national volume cap is consumed.

The Service has completed its review of applications for CREBs volume cap and is in the process of notifying applicants of the results. Disclosure restrictions prohibit the disclosure of taxpayer specific information.

Potentially qualified types of projects include wind facilities, closed loop biomass facilities, open loop biomass facilities, geothermal or solar facilities, small irrigation power facilities, landfill gas facilities, trash combustion facilities, refined coal production facilities and certain hydropower facilities.

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Set forth below is certain general information regarding the allocations of the CREBs volume cap, with separate breakdowns for governmental borrowers and for cooperative borrowers. Projects for the governmental borrowers will receive allocations in 24 states and projects for the cooperative borrowers will receive allocations in 22 states. The allocations for the governmental borrowers range from \$23,000 to about \$3.2 million and for the cooperatives ranged from \$120,548 to \$31 million.

Of the approved projects for the governmental borrowers, 401 are for solar facilities, 99 for wind facilities, 23 for landfill gas facilities, eight for hydropower facilities and one for an open loop biomass facility. Of the projects approved for the cooperatives, 33 are for solar facilities, 13 for wind facilities, 13 for landfill gas facilities, 12 for open-loop biomass facilities, six for hydropower facilities and one for a refined coal production facility.

Set forth below is certain general information regarding the applications for CREBs volume cap. Overall, there were 709 total applications from 40 different states and the District of Columbia requesting allocations for authority to issue approximately \$2.6 billion in CREBs to finance 786 projects. The deadline for making an application was April 26, 2006. There were 231 proposed projects in California, 67 in New Mexico, 64 in Minnesota, 41 in New Jersey, 38 in Montana, 27 in Colorado, 24 in Massachusetts, 13 in New York and 12 in Ohio. The size of the proposed projects in the applications ranged from \$23,000 to \$80 million.

Governmental borrowers submitted applications for about \$2 billion of CREBs to finance 701 projects with an average project size of about \$2.9 million. Cooperative borrowers submitted applications for about \$554 million of CREBs to finance 85 projects with an average project size of about \$6.5 million.